GOVERNMENT OF INDIA
COAL
LOK SABHA

UNSTARRED QUESTION NO:361
ANSWERED ON:21.11.2000
AGREEMENT FOR POWER GENERATION
SUBODH MOHITE

Will the Minister of COAL be pleased to state:

(a) whether an agreement has been signed between Western Coalfields Limited and Maharastra State Electricity Board for the supply of coal to power plants for generation of power;

(b) if so, the details in this regard;

(c) whether the Government of Maharastra has approved this agreement;

(d) whether there is a large difference between the prevailing price of coal and the price mentioned in the agreement; and

(e) if so, the reasons therefor?

Answer

THE MINISTER OF STATE FOR COAL (N.T.SHANMUGAM)

(a) Yes Sir.

(b)&(c) Western Coalfields Limited(WCL) andMaharastra State Electricity Board(MSEB) have signed an agreement on 8.2.1999for the supply of coal to the existing power plants of MSEB.This agreement shall be in force for a period of three years with effect from 1.4.99. Approval of the Government of Maharastra is not required for this agreement.

Subsequently Western Coalfields Limited(WCL)and Maharastra State Electricity Board(MSEB) have signedtwo separate agreements on 19.10.2000 for supply of coal from two new mine projects, namely Adasa under ground mine, and Kolgaon opencast mine. The coal company has informed that Government of Maharastra has accorded approval to these agreements.

(d)&(e) The base price of coal as in December 1998 in case of Adasa underground is Rs. 1110/- per tonne against the prevailing price of Rs. 883/- per tonne for similar grade of coal. The base price of coal from Kolgaon opencast mine is Rs. 800.80 per tonne against the prevailing price of Rs. 685/- per tonne for similar grade of coal.

The relatively higher price of coal from these future mines is due to their difficult mining conditions and to ensure a minimum level of return on investment. It is expected that MSEB will continue to find this price competitive, when compared to imports or transport from distant coalfields.